No. 83-247

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IN THE
Supreme Court of the United States
OCTOBER TERM, 1983

GORDON GOULD,
REFAC INTERNATIONAL, LTD., and
PATLEX CORPORATION,
Petitioners,

v.

CONTROL LASER CORPORATION and
HOLOBEAM LASER CORPORATION,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

STEVEN D. MERRYDAY
(Counsel of Record)
Post Office Box 3333
Tampa Florida 33601
813-229-3333

WARREN M. GOODRICH and
JOHN C. BALES
Post Office Box 1288
Tampa, Florida 33601

WILLIAM L. MENTLIK
195 Elm Street
Westfield, New Jersey 07090

JAMES E. SLATER
Post Office Box 633
Orlando, Florida 32802

Counsel for Petitioners

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QUESTIONS PRESENTED

1. WHETHER, AFTER EIGHTEEN YEARS OF PATENT OFFICE PROCEEDINGS FOLLOWED BY FIVE YEARS OF LITIGATION, A DISTRICT COURT CAN INDEFINITELY STAY A TRIAL OF AN INFRINGEMENT ACTION PENDING FINAL DISPOSITION OF A PATENT REEXAMINATION PETITION, FILED IN THE PATENT OFFICE UNDER THE NEW REEXAMINATION STATUTE BY THE ALLEGED INFRINGER ON THE EVE OF TRIAL.

2. WHETHER, AFTER *EX PARTE* PROCEEDINGS UNDER THE NEW PATENT REEXAMINATION STATUTE, THE PATENT OFFICE CAN REEXAMINE AND REVOKE A PATENT, THEREBY HALTING PENDING INFRINGEMENT LITIGATION, DEPRIVING THE PATENTEE OF A JURY TRIAL, EXERCISING JURISDICTION HISTORICALLY AND CONSTITUTIONALLY COMMITTED TO THE JUDICIARY, AND CONTRAVENING A JUDGMENT OF VALIDITY ISSUED BY AN ARTICLE III COURT.

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CITATION TO REPORTERS AND STATEMENT OF JURISDICTION

The opinion of the Court of Appeals for the Federal Circuit, reported at 705 F.2d 1345 (Fed. Cir. 1983), was entered on April 27, 1983. The opinion appears in the Appendix of this Petition. The Court of Appeals denied rehearing on May 16, 1983. The order of denial also appears in the Appendix. This Court's jurisdiction is invoked under 28 U.S.C. §1254(1).*

*All parties to this proceeding appear in the style of this case.

CONSTITUTIONAL AND STATUTORY PROVISIONS AND REGULATIONS INVOLVED

Article III, Section 1, Constitution of the United States:

> The judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish. The Judges, both of the supreme and inferior Courts, shall hold their Offices during good Behaviour, and shall, at stated Times, receive for their Services, a Compensation, which shall not be diminished during their Continuance in Office.

Fifth Amendment, Constitution of the United States:

> No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

Seventh Amendment, Constitution of the United States:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

35 U.S.C. § 301-307. (This voluminous material appears in the appendix.

35 U.S.C. § 282.

> A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on the party avoiding it.

37 C.F.R. § 1.510-1.570. (This voluminous material appears in the appendix.)

Manual of Patent Examining Procedure. § 2240, ¶ 15.

> Where doubts exist, all questions should be resolved in favor of granting the request for reexamination.

Manual of Patent Examining Procedure, § 2244, ¶ 3.

> Any question as to whether a substantial new question of patentability exists should be resolved in favor of granting the request for reexamination.

STATEMENT OF THE CASE

This action presents a decisive chapter in perhaps the most protracted patent dispute in the history of this country. The patent at issue claims an invention of unique scientific and social importance – the light amplifier, popularly referred to as the "laser." (The term "laser" is an acronym for light amplification by stimulated emission of radiation.) The patent at issue is a foundational or pioneer patent to the laser – applied for in 1959 and granted in 1977.

Procedurally and technically, the details of this dispute are immensely complicated. However, this petition pre-

sents, in a relatively uncomplicated fashion, a new and important issue of patent and procedural law arising from a newly enacted statute. An explanation follows.

In 1959, Gordon Gould applied for a patent on the laser. After eighteen years of patent proceedings, including several interferences under 35 U.S.C. § 135, Gould was awarded a patent in October, 1977. Upon issuance, Gould's patent enjoyed a statutory presumption of validity. *See* 35 U.S.C. § 282. Because the patent claimed a device of worldwide significance and because the laser industry in 1977 had reached maturity, the patent presented monumental and adverse economic consequences to entities with profound economic power.

After issuance of the patent in 1977 and issuance of a related patent in 1979, a series of infringement and related actions ensued.[1]

In February, 1982, the first infringement trial under the patent occurred in San Francisco, California. The defendant, General Photonics Corporation, asserted several defenses, including the invalidity of Gould's laser patent.

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[1] *Gould et al. v. Lumonics Research, Ltd., General Motors Corporation,* Case No. 79 C 4594, United States District Court for the Northern District of Illinois; *Gould, et al. v. General Photonics Corp.*, Case No. C-78-1670 SC, United States District Court for the Northern District of California; *Gould, et al. v. Control Laser Corp., et al.*, Case No. 78-344-Orl-Civ-Y, United States District Court for the Middle District of Florida (from which this petition arises); *Gould, et al. v. Molectron Corp.*, Case No. C 82-2748 (EFL), United States District Court for the Northern District of California; and *Bell Telephone Laboratories, et al. v. Gould, et al.*, Case No. 82-Civ. 4508, United States District Court for the Southern District of New York.

In *Gould v. General Photonics Corp.*, 534 F. Supp. 399 (N.D. Cal. 1982), the district court held Gould's laser patent both valid and infringed. The district court found in Gould's favor on adequacy of disclosure, non-obviousness, and other issues typical of a judicial determination of patent validity.[2] A copy of *General Photonics* appears in the Appendix.

Upon entry of the judgment of validity in *General Photonics,* Gould's patent enjoyed an enhanced presumption of validity, the rebuttal of which requires greater than "clear and convincing evidence." *American Home Products Corp. v. Lockwood Mfg. Co.*, 483 F.2d 1120, 1125 (6th Cir. 1973), *cert. denied,* 414 U.S. 1158 (1974); *Calhoun v. U.S.*, 339 F.2d 665 (C.Cl. 1964); *Leesona Corp. v. Varta Batteries, Inc.*, 522 F. Supp. 1304 (S.D.N.Y. 1981).

Also upon entry of the judgment of validity, Gould's patent gained the valuable assistance of a novel doctrine of patent law, referred to as the "*Rovico* rule." Under the "*Rovico* rule," after an initial judicial validation, a patent is immune from further challenges to validity unless a subsequent litigant presents to another court a material and new issue of validity not decided during the first adjudication of validity. *American Photocopy Equipment Co. v. Rovico, Inc.*, 384 F. 2d 813 (7th Cir. 1967), *cert. denied,* 390 U.S. 945 (1968); *Mercantile Nat'l Bank of Chicago v.*

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[2]The district court states in *General Photonics* that "the term laser was coined by . . . Gordon Gould" and that "the page of his notebook where . . . Gordon Gould first coined the word has been displayed in the Smithsonian Institution."

Howmet Corp., 524 F.2d 1031 (7th Cir. 1975), *cert. denied*, 424 U.S. 957 (1976). The effect of the "*Rovico* rule," designed to prevent repeated, costly, and oppressive relitigation of the same issues of validity, resembles *res adjudicata* but is premised on the doctrine of *stare decisis*. *Illinois Tool Works, Inc. v. Foster Grant Co., Inc.*, 547 F.2d 1300 (7th Cir. 1976), *cert. denied*, 431 U.S. 929 (1977).

Therefore, enjoying the statutory presumption of validity, the enhanced presumption of validity resulting from judicial validation, and the immunizing effect of the "*Rovico* rule," Gould sought and received a trial date in *Gould, et al. v. Control Laser Corp., et al.*, the Florida infringement action from which this petition arises. (The basis for federal jurisdiction in the district court infringement action is 28 U.S.C. § 1338.)

The district court scheduled a jury trial for September 13, 1982. On the eve of trial, September 9, 1982, Control Laser Corporation ("Control Laser") and others petitioned the Patent and Trademark Office ("PTO"), for reexamination of Gould's judicially validated, presumptively valid, and substantially immune laser patent. This reexamination request occurred pursuant to 35 U.S.C. §§ 301-307, which had become effective on July 1, 1981, fourteen months earlier. The reexamination statute purportedly authorizes the PTO to revoke patents, even *judicially validated* patents, if the PTO resolves "substantial new questions of patentability" against the patentee. 35 U.S.C. §§ 303, 307.

A brief delay occurred and the pretrial and trial were rescheduled for October and November, respectively. At the pretrial conference in October, the district court entertained a motion by Control Laser for a continuance until completion of proceedings on the recently filed petition

for reexamination. On October 12, the district court, noting that "the instant case has been pending for five years," granted the continuance:

> . . . pending the outcome of a decision by the Patent Office on defendants' request for reexamination. If the Patent Office should decide to consider the request for reexamination, this case shall be stayed until the decision of the Patent Office is considered final.

On November 16, 1983, the PTO "decided to consider the request for reexamination." In deciding to reexamine Gould's patent, the PTO confronted a formidable obstacle – the final judgment of validation in *Gould v. General Photonics*. After an entirely *ex parte* proceeding, in which PTO regulations forbid Gould from appearing (in fact, Gould's attempted submission was returned as an improper paper),[3] the PTO elected to disregard the adjudication of validity because of the PTO's perception that the defense in *General Photonics* was of inferior quality. In the order of reexamination, the PTO stated:

> *General Photonics* purports to have resolved some of the issues raised by the request for reexamination. The trial transcript of *General Photonics* reveals, however, the defendant was unable to fully defend the law suit from an

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[3]PTO rules provide at 37 C.F.R. §1.530(a) (1982) that:

> Except as provided in §1.510(e) [relating to requests for reexamination filed by the patent owner], no statement or other response by the patent owner shall be filed prior to the determinations [of a substantial new question of patentability] made in accordance with §§1.515 or 1.520. If a premature statement or other response is filed by the patent owner it will not be acknowledged or considered in making the determination.

> economic point of view . . . . While General Photonics' financial inability may bind it, the Court's decision cannot bind others.

In short, the PTO resolved (*ex parte* and without permitting any submission from Gould) to ignore the adjudication in *General Photonics*.[4] Accordingly, because the PTO decided to reexamine the patent, the district court entered a stay on February 3, 1983, stating that:

> . . . all further proceedings, including discovery, are STAYED, until the reexamination of Plaintiff's patent by the United States Patent Office has been concluded, including any appeal or judicial review of such Patent Office action.

The stay contained no term of duration. The stay may persevere indefinitely.

Gould appealed to the Court of Appeals for the Federal Circuit, asserting that the stay was impermissibly protracted and indefinite, effectively ousting Gould from court, and was, therefore, a final appealable order under 28 U.S.C. § 1291.

On April 27, 1983, pursuant to the appellee's motion to dismiss, the Federal Circuit dismissed Gould's appeal "for lack of jurisdiction." In discussing the stay, the court sum-

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[4]In contrast to the statutory and other presumptions of validity attaching to a judicially validated patent, the PTO's rules require at Sections 2240 and 2244, respectively, of the Manual of Patent Examining Procedure that:

> Where doubts exist, all questions should be resolved in favor of granting the request for reexamination.
>
> Any question as to whether a substantial new question of patentability exists should be resolved in favor of granting the request for reexamination.

marized the reason for permitting the indefinite, protracted stay in this case:

> When a district court stays patent validity proceedings before it until completion of a reexamination proceeding, that stay must be accepted if the purpose of the reexamination statute is to be preserved.

This petition for a writ of certiorari questions as a matter of first impression in this court both (1) the circumstances, if any, in which a district court should indefinitely stay litigation involving a judicially validated patent pending the outcome of administrative reexamination proceedings under the new reexamination statute and (2) the proper purpose and scope of the new reexamination statute, including the relationship between a judicial judgment of validity and the putative power to administratively reexamine and revoke the patent, notwithstanding earlier judicial validation and the pendency of infringement proceedings.

REASONS FOR GRANTING THE WRIT

THE DECISION BELOW CONFLICTS WITH DECISIONS OF BOTH THIS COURT AND OTHER COURTS OF APPEAL PROHIBITING PROTRACTED, INDEFINITE STAYS THAT EFFECTIVELY TERMINATE PENDING LITIGATION

In the order dismissing Gould's appeal, the Federal Circuit accurately states the law governing the appealability of stays:

> A stay may be an appealable "final" decision, and thus within the jurisdiction of an appellate court, when it effectively puts the parties out of the district court, either permanently because it terminates the action as a practical matter, or, as some courts have held, for a protracted or indefinite period . . . . Stays will not be vacated unless they are "immoderate or of an indefinite duration."

This rule is firmly established. *Moses H. Cone Memorial Hospital v. Mercury Const. Corp.*, ____ U.S. ____, 103 S.Ct. 927 (1983); *CTI-Container Leasing Corp. v. Uiterwyk Corp.*, 685 F.2d 1284 (11th Cir. 1982), *cert. denied*, ____ U.S. ____, 103 S.Ct. 820 (1983); *Idlewild Bon Voyage Liquor Corp. v. Epstein*, 370 U.S. 713 (1962); *Johnson & Johnson, Inc. v. Wallace A. Erickson & Co.*, 627 F.2d 57 (7th Cir. 1980).

In this action, the circuit court has manufactured a novel and unexpected exception to the prohibition against protracted or indefinite stays of litigation. In this case, after eighteen years of patent proceedings followed by five years of litigation, the district court granted an indefinite and protracted stay, which clearly offends established limitations on the discretion of district courts to enter

stays. Evaluation of the circuit court's opinion reveals that this exception is an attempt to accommodate the perceived policy of the reexamination statute. The circuit court states that:

> When a district court stays patent validity proceedings before it until completion of a reexamination proceeding, that stay *must be accepted* if the purpose of the reexamination statute is to be preserved.

(emphasis supplied)

In supposed deference to the perceived policy of the reexamination statute, the circuit court has instituted an inflexible rule of procedural law permitting protracted and indefinite stays of patent actions pending the outcome of administrative patent reexamination. This exception is peculiar to patent actions. This exception apparently exists without respect to the earlier judicial validation of the patent. By force of the new exception, the courts have ceded to the PTO (or the PTO has seized) the essentially judicial function of adjudicating patent validity.

As a result of the creation of this new exception to the prohibition against protracted stays, an issue which would have proceeded to a definitive trial in November, 1982, is mired in a complex and protracted administrative reexamination procedure in the PTO, with no end in sight. If Gould eventually prevails in the PTO after several years of administrative proceedings and appeals, this action returns to the district court for trial and the intervening exertions are wasted.[5] As explored in the following section, if

[5]If Gould wins in the PTO, Control Laser presumably may relitigate in the district court (years from now) the same issues raised by Control Laser (and others) in the reexamination petitions. Col-

Gould loses in the PTO (and the reexamination result is upheld), five years of litigation is wasted and Gould's right to a jury trial disappears. This result is hostile to both the crowded dockets of the district courts and the notions of due process, economy, and expeditiousness that prompted this Court and others to prohibit protracted stays.

This Court should examine this new doctrine, created by a new court pursuant to a new statute. The issue is important to the administration of the patent laws, to every patentee and licensee, to the PTO, to the district courts, and to the relationship between the judiciary and an administrative agency.

THE DECISION BELOW PRESENTS NEW AND IMPORTANT ISSUES OF JUDICIAL AUTHORITY, INTERFERES WITH THE USUAL COURSE OF JUDICIAL PROCEEDINGS, AND CALLS FOR EXERCISE OF THIS COURT'S SUPERVISION

Historically, upon the issuance of a patent and subject to certain narrow limitations, the PTO lost its jurisdiction over patents. Thus, *McCormick Harvesting Machine Co. v. C. Aultman & Co.*, 169 U.S. 606, 609 (1898), holds that:

> The only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the Courts of the United States, and not in the department which issued the patent.

Similarly, *United States v. American Bell Telephone Co.*, 128 U.S. 315, 364-65 (1888), holds that:

lateral estoppel and similar doctrines are unavailable because Control Laser is not a party to the reexamination. *PIC, Inc. v. Prescon Corp.*, 485 F. Supp. 1302 (D. Del. 1980).

> Patents are sometimes issued unadvisedly or by mistake, where the officer has no authority in law to grant them, or where another party has a higher equity and should have received the patent. In such cases courts of law will pronounce them void . . . . But one officer . . . is not competent to cancel or annul the act of his predecessor. *That is a judicial act, and requires the judgment of a court.*

(emphasis added) See also Northern Pipeline Const. Co. v. Marathon Pipe Line Co., ____ U.S. ____, 50 U.S.L.W. 4892 (1982); *Murray's Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272 (1856); *In re Pearne*, 212 U.S.P.Q. 466 (Dec. Comm'r. Pat. 1981).

The judiciary is the exclusive forum for patent invalidation because ownership of a patent is a fully protected property right subject to deprivation only by the judiciary. As stated in *Johnson & Johnson, Inc. v. Wallace A. Erickson & Co.*, 627 F.2d 57, 59 (7th Cir. 1980):

> Congress has seen fit to grant to the patentee "for the term of seventeen years . . . the right to exclude others from making, using, or selling the invention throughout the United States . . . ." 35 U.S.C. § 154. The seventeen-year exclusion is a right and not a matter of grace or favor. *James v. Campbell*, 104 U.S. 356, 358, 26 L.Ed. 786 (1881). It is a property right, *Consolidated Fruit-Jar Co. v. Wright*, 94 U.S. 92, 96, 24 L.Ed. 68 (1876), of which the patentee cannot be deprived without due process of law.

By enacting reexamination statute, the Congress purported to authorize an administrative agency to invalidate patents, thereby invading the province of the judiciary. The effect of the circuit court's opinion construing the

statute in this action is to effectively complete the improper shift from the judiciary to the executive of a subject matter historically and constitutionally committed to the judiciary. In short, the reexamination statute ignores the separation of constitutional power between the judiciary and the executive, the authority of the judiciary, and the final, binding character of judicial judgments.

The shift of authority to the administrative agency is not without serious consequences for Gould. For example, in an action for patent infringement, the jury is to decide questions of patent validity, including, for example, the issues of novelty and priority of invention. *Swofford v. B & W, Inc.*, 336 F.2d 406 (5th Cir. 1964), *cert. denied*, 379 U.S. 962 (1965); *Hansen v. Safeway Stores, Inc.*, 238 F.2d 336 (9th Cir. 1956); *Raytheon Mfg. Co. v. Radio Corp. of America*, 76 F.2d 943 (1st Cir.), *aff'd*, 296 U.S. 459 (1935). However, reexamination of Gould's patents by the PTO deprives him of his Seventh Amendment right to a jury trial by perhaps irretrievably committing to an administrative agency the finding of facts pertinent to Gould's patent.

Also, although a detailed critique of the reexamination process is not properly included in this petition, one point is salient. Reexamination is not a due process hearing in the sense understood by most lawyers, litigants, and judges outside the practice of patent law. Reexamination is a tightly structured procedure permitting only the filing of papers and an "interview" between the patent and an examiner. The principal attributes of due process hearings and trials simply disappear. Reexamination involves no focused pleading, no meaningful motion practice, no document discovery, no depositions, no cross-examination, no experienced jurist, no jury, no transcript, and no right to argue and test the theories of the nominal adver-

sary — an examiner. A brief review of 35 C.F.R. §§ 1.525-1.565 disabuses anyone of the notion that reexamination is a preferred, effective, or even fair alternative to a court trial as a forum to determine a patentee's rights. More certainly, reexamination is an improper forum to revisit issues resolved after litigation conducted by the judiciary in accordance with established principles of due process. Gould's property right in his patent and in the judgment of validity in *General Photonics* are not subject to deprivation without the due process of law guaranteed by the judiciary. As stated in *Chicago and Southern Air Lines, Inc. v. Waterman Steamship Co.*, 333 U.S. 103, 113-114 (1948):

> Judgments, within the powers vested in courts by the Judiciary Article of the Constitution, may not lawfully be revised, overturned or refused faith and credit by another Department of Government.
>
> . . .
>
> It has also been the firm and unvarying practice of Constitutional Courts to render no judgment not binding and conclusive on the parties and none that are subject to later review or alteration by administrative action.

The new reexamination statute offends this Constitutional guarantee.

The net result of the circuit court's order in this action is to permit a federal administrative agency, acting *ex parte*, to terminate pending litigation and assume the essentially judicial function of invalidating a patent. This usurption of judicial authority is compounded in this case (and undoubtedly in others) because the agency casually disregarded a judicial adjudication of validity, which in normal patent cases enjoys an effect approaching that of *res adjudicata*.

This Court should examine this newly enacted statute for constitutional infirmities. This action presents especially the constitutional issues of (1) whether an administrative agency can revisit issues already determined by a judicial tribunal constituted under Article III of the Constitution of the United States and (2) whether the right to a jury trial is unconstitutionally eliminated or whether property is taken without due process if the judiciary cedes to the executive the authority to revoke patents (or to disregard earlier judgments of validity). These issues are important to the administration of the patent laws, to patentees and licensees, to the PTO, to the district courts, and to the relationship between the judiciary and an administrative agency.

CONCLUSION

For these reasons, a writ of certiorari should issue to review the judgment and opinion of the Federal Circuit.

Respectfully submitted,

STEVEN D. MERRYDAY
Post Office Box 3333
Tampa, Florida 33601
813-229-3333
Counsel of Record

WARREN M. GOODRICH and
JOHN C. BALES
Post Office Box 1288
Tampa, Florida 33601

WILLIAM L. MENTLIK
195 Elm Street
Westfield, New Jersey 07090

JAMES E. SLATER
Post Office Box 633
Orlando, Florida 32802

Counsel for Petitioners

August 15, 1983

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

GORDON GOULD, REFAC INTERNATIONAL, LTD., and PATLEX CORPORATION, Appellants,	)	Appeal No. 83-794
v.	)	ON MOTION
CONTROL LASER CORPORATION and HOLOBEAM CORPORATION, Appellees.	)	

Before MARKEY, *Chief Judge*, MILLER and SMITH, *Circuit Judges*.

MARKEY, Chief Judge.

ORDER

Having considered the submissions of the parties, IT IS ORDERED THAT:

Appellees' Motion to Dismiss is granted and the appeal is dismissed for lack of jurisdiction.

Appellants appealed from a February 3, 1983 order of the United States District Court for the Middle District of Florida staying proceedings before it until conclusion of a reexamination by the Patent and Trademark Office (PTO) of appellants' U.S. Patent No. 4,053,845. Appellees have moved for dismissal for lack of jurisdiction, asserting that the order for stay is not a "final" decision and is not therefore reviewable by this court.

An appeal of a stay order, like a mandamus petition (the high standards for which the appellants cannot meet), seeks interference by an appellate court with management of proceedings entrusted to the district court. Congress, in limiting appeals to "final" decisions, 28 U.S.C. § 1291, *as amended by* Federal Courts Improvement Act of 1982,

Pub. L. No. 97-164, §124, 96 Stat. 25, 36 (1982) (Act), has sought to avoid such interference and the resultant "enfeebling" of judicial administration. *Cobbledick* v. *United States,* 309 U.S. 323, 325 (1940). The same limitation applies to appeals to this court. 28 U.S.C. § 1295, added by § 127 of the Act. Stay orders should not ordinarily be viewed, therefore, as "final" and thus within the jurisdiction of an appellate court.

An exception has been recognized. A stay may be an appealable "final" decision, and thus within the jurisdiction of an appellate court, when it effectively puts the parties out of the district court, either permanently because it terminates the action as a practical matter, or, as some courts have held, for a protracted or indefinite period. *See Hines* v. *D'Artois,* 531 F.2d 726, 730 (5th Cir. 1976). A court has noted that because district courts have broad discretionary powers to control their dockets, stays will not be vacated unless they are "immoderate or of an indefinite duration." *See McKnight* v. *Blanchard,* 667 F.2d 477, 479 (5th Cir. 1982) (stay extending for seven years or longer is an abuse of discretion). The "effectively out of court" standard was applied by the Surpeme Court in holding "final" a denial of a motion for impaneling of a three-judge court in *Idlewild Liquor Corp.* v. *Epstein,* 370 U.S. 713, 715, n.2 (1962), and a grant of a stay pending resolution in state court of the sole issue before the federal court in *Moses H. Cone Memorial Hosp.* v. *Mercury Const. Corp.*, ____ U.S. ____, 103 S.Ct. 927, 933-934 (1983). That standard will be applied in consideration of orders for stay appealed to this court.

The present stay is not for such a protracted or indefinite period as to render its issuance an abuse of discretion. "[R]eexamination proceedings . . . including any ap-

peal to the Board of Appeals, will be conducted with special dispatch . . . ." 35 U.S.C. § 305 (Supp. V 1981). Assuming the PTO decision on reexamination is adverse to the patent holder and may therefore be appealed to this court, the stay would not be for a protracted or indefinite period of sufficient length to render its issuance a "final" decision.

Like *Cone Memorial Hospital,* appellants would appear to be effectively out of court with respect to claims canceled by the PTO. However, unlike the situation in *Cone Memorial Hospital,* stays to enable reexamination do not foreclose review on the merits by a federal court. District court and PTO decisions on the merits are both reviewable by this court.

The present stay has thus not terminated the action but has merely shifted to the PTO an issue (patent claim validity) involved in the dispute before the district court. One purpose of the reexamination procedure is to eliminate trial of that issue (when the claim is canceled) or to facilitate trial of that issue by providing the district court with the expert view of the PTO (when a claim survives the reexamination proceeding). Early versions of what became the reexamination statute, 35 U.S.C. §§ 301-307 (Supp. V 1981), expressly provided for a stay of court proceedings during reexamination. S. 1679, 96th Cong., 1st Sess. § 310 (1979); H.R. 5075, 96th Cong., 1st Sess. § 310 (1979); S. 2446, 96th Cong., 2d Sess. § 310 (1980). An express provision was deemed unnecessary, however, as explained in the House Report:

> The bill does not provide for a stay of court proceedings. It is believed by the committee that *stay provisions are unnecessary in that such power already resides with the Court* to prevent

> costly pretrial maneuvering which attempts to *circumvent* the reexamination procedure. It is anticipated that these measures provide a useful and necessary *alternative* for challengers and for patent owners to test the validity of United States patents in an efficient and relatively inexpensive manner. (emphasis added).

H.R. Rep. No. 1307 Part I, 96th Cong., 2d Sess. 4 (1980).

When a district court stays patent validity proceedings before it until completion of a reexamination proceeding, that stay must be accepted if the purpose of the reexamination statute is to be preserved.

Gould also seeks review of "the District Court's prior adverse orders, including, without limitation, orders of May 14, 1979, and September 10, 1979. . . ." Those prior orders were the subject of Appeal No. 83-610, which was dismissed by this court's February 22, 1983 Order and is binding on the present parties.

FOR THE COURT

April 27, 1983
Date

[sgd.] Howard T. Markey
Howard T. Markey,
Chief Judge

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

GORDON GOULD, REFAC INT'L, LTD. PATLEX CORPORATION Appellants,	)	
v.	)	No. 83-794
CONTROL LASER CORPORATION and HOLOBEAM LASER CORPORATION, Appellee.	)	

ORDER

A petition for reconsideration having been filed in this case,

UPON CONSIDERATION THEREOF, it is Ordered by the court that the petition for reconsideration be, and the same is hereby, DENIED.

FOR THE COURT:

[signed; illegible]
CLERK

May 16, 1983
Date

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

GORDON GOULD, et al.,
Plaintiffs,

vs

CASE NO. Civil Action No.
78-344-Orl-Civ-Y

CONTROL LASER CORPORATION, et al.,
Defendants.

ORDER

Plaintiff's Motion for Reconsideration of its October 12, 1982 order is DENIED; all further proceedings, including discovery, are STAYED, until the reexamination of Plaintiff's patent by the United States Patent Office has been concluded, including any appeal or judicial review of such Patent Office action.

DONE AND ORDERED in chambers at Tallahassee, Florida this 3rd day of February, 1983.

[signed] Maurice M. Paul
United States District Judge

Filed
Orlando, Fla.
Feb. 7, 1983
[signed] LTW
Clerk, U.S. District Court

M'Film Roll #42
Document #829

Copies to: (continued)

Warren M. Goodrich, Esquire and
Steven D. Merryday, Esquire
Holland and Knight
Post Office Box 1288
Tampa, Florida 33601

Richard I. Samuel, Esquire
Lerner, David, Littenberg & Samuel
195 Elm Street
Westfield, New Jersey 07090

James E. Slater, Esquire
Maguire, Voorhis & Wells, P.A.
Post Office Box 633
Orlando, Florida 32802

Robert W. Duckworth, Esquire
Post Office Box 3791
Orlando, Florida 32802

Stewart Dalzell, Esquire
Drinker, Biddle & Reath
1100 Philadelpia National Bank Bldg.
Philadelphia, Pennsylvania 19107

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

REEXAM CONT NO	FILING DATE	PATENT UNDER REEXAMINATION	ATTORNEY DOCKET NO.
0 0 0

The patent owner must submit, on a separate paper, the names of the attorneys or agents (maximum of three) which the owner desires to have printed on the reexamination certificate. If no names are submitted, none will appear on the certificate.

2. ☐ The request for reexamination is DENIED.

This decision is not appealable. 35 U.S.C. 303(c). Requester may seek review by a petition to the Commissioner within one month from the mailing date hereof. 37 C.F.R. 1.515(c).

In due course, a refund of $1200.00 will be made ☐ by treasury check or ☐ by credit to deposit account number _____ to the requester listed below unless notified otherwise. 35 U.S.C. 303(c).

Reexamination Control No. 90/000253

DECISION

A substantial new question of patentability affecting all claims of U.S. patent 4,053,845 to Gordon Gould (hereinafter the "Gould patent") is raised by the request for examination filed by Control Laser Corp., hereinafter the "Control Laser Request." In addition, several substantial new questions of patentability are raised by a request for reexamination filed September 9, 1982, by Bell Telephone Labs in Reexamination Control No. 90/000254, hereinafter the "Bell Labs Request." Accordingly reexamination is being ordered.

OPINION

The six substantial new questions of patentability which are raised by the Control Laser and Bell Labs requests are discussed herein.

1. First New Question

The Bell Labs Request alleges that claim 1 and the claims dependent therefrom are unpatentable under 35 U.S.C. 102 over Boeckner. A review of the file wrapper of the Gould patent reveals that Boeckner was cited by Gould to overcome a rejection based on 35 U.S.C. 112. However, the file does not indicate that the Examiner considered the question of whether Boeckner anticipates any claim under 35 U.S.C. 102. Additionally after issuance of the Gould patent, Gould agreed in a deposition that if you had a population inversion in any particular system, you would necessarily have a laser. Thus, in a deposition in *Gould* v. *Mossinghoff,* Civil Action No. 80-3287 in the U.S. District Court for the District of Columbia, the following examination took place:

"Q. (to Gould). If you had a population inversion in any particular system, would that necessarily mean you would have had a laser?

A. (by Gould). Yes.

Q. And why is that?

A. Well, the correctness of the Einstein stimulated emission theory had been established before this. And according to that theory if there was a population inversion, there would be amplification of the corresponding wave length or frequency."

In an amendment dated September 18, 1978, in the file of patent application, Serial No. 823,611 (the application involved in *Gould* v. *Mossinghoff, supra*), Gould, through counsel, states: "From the known laws of physics the Examiner should be aware of the fact that when you have a population inversion you inherently have a condition in which light amplification takes place."

According to Gould, Boeckner shows a population inversion in a cesium/helium optically pumped system. Gould's statements taken in combination with Boeckner raise a substantial new question of patentability: whether Boeckner anticipates under 35 U.S.C. 102 claims 1, 5, 6, 8, and 10.

2. Second New Question

The Bell Labs Request alleges that claim 1 and the claims dependent therefrom are unpatentable under 35 U.S.C. 103 over the Schawlow patent taken in view of Boeckner or the Dieke article. A review of the Gould patent file reveals that the Schawlow patent and the Boeckner article were cited during prosecution of the application which matured into the Gould patent. The Examiner rejected claims over the Schawlow patent. The Boeckner reference was cited by Gould to overcome a rejection based on 35 U.S.C. 112. The Gould patent file does not indicate that the Examiner considered whether any claim of the Gould patent was unpatentable over the Schawlow patent in combination with Boeckner. It is noted that in his reasons for allowance in the Gould patent file, the Examiner does not discuss the patentability of any claim over the Schawlow patent in combination with Boeckner. The Dieke article does not appear to have been considered.

Bell Labs limited its discussion of the second question of patentability to claim 1 and the claims dependent thereon. Claim 2 and the claims dependent therefrom call for an amplifying medium which has a broad band of energy levels and for rapid quenching via non-radiating transitions. Claim 11 has similar limitations. Bell Labs alleges that rare earth salts are known to have broad band transitions which interact by means of nonradiative processes. Bell

Labs also points out that the Dieke article discusses the excitation of rare earth salts with a mercury lamp. Accordingly, the combination of the Schawlow patent in view of Dieke may be as material to the patentability of claims 2, 3, 4, 7, 9, and 11 as the Schawlow patent and Boeckner are to the remaining claims. The Bell Labs Request therefore raises a second substantial new question of patentability: whether all claims are unpatentable under 35 U.S.C. 103 over the Schawlow patent in view of either Boeckner or the Dieke articles.

3. Third New Question

Bell Labs alleges that claim 2, the claims dependent thereon, and claim 11 are unpatentable under 35 U.S.C. 103 over the Schawlow patent, a patent to Bloembergen, and the Dieke article. The file wrapper of the Gould patent does not indicate that the Examiner considered or ruled on the question raised in the request. Inasmuch as the second question of patentability, *supra,* raises a substantial new issue of patentability over the Schawlow patent in combination with the Dieke article, it also follows that the Bell Labs allegations raise a substantial new question of patentability. The Bell Labs Request thus raises the following additional substantial new question of patentability: whether claims 2, 3, 4, 7, 9, and 11 are unpatentable under 35 U.S.C. 103 over the combination of the Schawlow patent, the Bloembergen patent, and the Dieke article.

4. Fourth New Question

As a further question of patentability, Bell Labs alleges that all claims of the Gould patent are unpatentable over a "preprint" of a Schawlow article subsequently published

on December 15, 1958, in *Physical Review* (the Schawlow article in *Physical Review* is the subject of requester's sixth new question, *infra*). The Control Laser request also mentions the preprint. During prosecution of the application which matured into the Gould patent, the Examiner reached the conclusion based on the record before him that the date of invention was December 1, 1958. As a result, the Examiner excluded as prior art all patents and printed publications having an effective date of December 1, 1958, or later. Hence, the Examiner determined *on the record then before him* that the Schawlow article in *Physical Review* was not prior art.

Bell Labs and Control Laser allege that the preprint of the published article was distributed to interested individuals in July, August, and September of 1958 and that Gould saw the preprint prior to December 1, 1958. Compare *Boileua* v. *Diamond,* 659 F.2d 247, 211 USPQ 489 (D.C.Cir. 1981). Both requestors correctly allege that the preprint is material to the patentability of all the claims of the Gould patent. The preprint is not discussed by the Examiner in his reasons for allowance in the Gould patent file. In deposition testimony by Gould in *Gould* v. *Control Laser Corp.,* Civil Action No. 78-344-Orl-Civ-Y in the U.S. District Court for the Middle District of Florida, Gould admits having seen the preprint prior to having his Notebook #2 dated (allegedly on December 1, 1958). The Gould file does not reveal that the Examiner was aware of this prior to the time the Gould patent issued. In view of the allegations in the two requests, an additional substantial new question of patentability is: whether all the claims are unpatentable under 35 U.S.C. 102 or 103 over the Schawlow preprint.

5. Fifth New Question

Bell Labs alleges that all the claims are unpatentable under 35 U.S.C. 102 or 103 over the Schawlow article published in *Physical Review*. Bell Labs further alleges that any antedating effort by Gould during prosecution of the application which matured into the Gould patent necessarily should have failed because Gould now admits seeing the Schawlow preprint prior to having his Notebook #2 dated on December 1, 1958. In effect, Bell Labs alleges that the PTO did not have the full story when the Examiner accorded Gould a date of invention of December 1, 1958. The Gould patent file does not reveal the extent to which the Examiner considered the preprint or if he was aware of Gould's knowledge thereof prior to December 1, 1958. Accordingly, the Bell Labs Request raises the issue of whether Gould may antedate *Physical* tability: whether all the claims of the Gould patent are unpatentable under 35 U.S.C. 102 or 103 over the Shawlow article published in *Physical Review*. As an ancillary matter, this substantial new question of patentability also raises the issue of whether Gould may8 antedate *Physical Review* under 37 CFR §1.131, specifically whether Gould can show his "completion of the invention in this country" before December 1, 1958.

6. Sixth New Question

Control Laser and Bell Labs allege that all the claims of the Gould patent are unpatentable over patents and printed publications having dates as prior art between about 1961 and 1981. For example, Bell Labs refers to an article by Devor published in 1971. Control Laser refers to Sorokin (Ref. AX) (a 1967 article) and Geusic et al. (Ref. ADD) (a 1964 article). The application which matured into the Gould patent was filed on August 16, 1974. It is

reasonable to assume that Gould would claim, under 35 U.S.C 120, the benefit of patent applications filed in 1967 and 1959. Bell Labs and Control Laser allege that Gould is not entitled to either a 1967 or a 1959 effective filing date because the CCPA (now the U.S. Court of Appeals for the Federal Circuit) held in *Gould* v. *Hellwarth,* 472 F.2d 1183, 176 USPQ 515 (CCPA 1973), that Gould's 1959 application did not teach – as of 1959 -- how to make any laser. The holding of the CCPA is not necessarily applicable to the sufficiency of the disclosure of any application filed by Gould in 1967 or 1974. After Gould filed in 1959, several events took place and numerous articles were published which suggest that a disclosure insufficent as of 1959 could have become enabling sometime thereafter. Some of these events and publications are mentioned in Lengyel, "Evolution of Masers and Lasers," *American Journal of Physics,* Vol. 34, No. 10, pp. 903-913 (1966). Some of the relevant events include Maiman's first operative ruby laser – made in 1960 after Gould's 1959 filing date. See Maiman's "Nature" article cited in Lengyel, *supra,* at footnote 20. Maiman's efforts were duplicated at other laboratories including TRG (where Gould was employed). See TRG Report No. TRG-134-TR-4 dated January 9, 1961. Javen et al. in 1960 were able to operate a helium-neon gas discharge laser. See the Javan et al. article in *Physical Review Letters* cited in Lengyel, *supra,* at footnote 22. Rabinowitz, Jacobs, and Gould claim to have been able to operate a cesium laser optically pumped with a helium lamp in 1961. See the Rabinowitz et al. article cited in Lengyel, *supra,* at footnote 26. Rabinowitz et al. were successful only after numerous unsuccessful attempts. See TRG Reports Nos. TRG-134-TR-1 through TRG-134-TR-6. In any event, Gould's British Patent Specifications (refs. AL, AM, AN, AO, AP, ALL, AMM) cited by Control Laser were published in 1964 – more

than one year prior to Gould's 1967 filing date. These British Patent Specifications disclose the invention claimed in the Gould patent.

The 1964 disclosure of the British Patent Specifications and the articles by Maiman and Rabinowitz are more material to the patentability of the claims of the Gould patent than is the other post 1961 literature cited by Bell Labs and Control Laser. If Gould is entitled to a 1959 effective filing date, he antedates both the British Patent Specifications and the other literature cited by Bell Labs and Control Laser. Mere entitlement to a 1967 date would antedate some of the cited literature, but not the British Patent Specifications or the Maiman and Rabinowitz articles. Hence, the material question is whether Gould is entitled to his 1959 filing date. It is true that the Examiner may have determined that Gould was entitled to a 1959 effective filing date. That determination may be inconsistent with the later holding and dicta in *Gould* v. *Mossinghoff,* 215 USPQ 310 (D.D.C. 1982). See particularly footnote 1 of the Court's opinion.

The Bell Labs and Control Laser Requests do not raise a substantial new question of patentability with respect to post 1961 literature which would not otherwise be raised by the British Patent Specifications and the articles by Maiman and Rabinowitz. Hence, the only relevant substantial new question of patentabililty is: whether all the claims of the Gould patent are unpatentable under 35 U.S.C. 102 or 103 over the British Patent Specifications and the articles by Maiman and Rabinowitz. The principal ancillary issue raised by this substantial new question of patentability is: whether Gould is entitled to a 1959 effective filing date under 35 U.S.C. 120.

FURTHER DISCUSSION

In ordering reexamination, consideration has been given to the holdings in *In re Pearne,* 212 USPQ 466 (Comm'r. Pat. 1981) and *Gould* v. *General Photonics Corp.,* 534 F.Supp. 399, 215 USPQ 116 (N.D.Cal. 1982).

General Photonics purports to have resolved some of the issues raised by the request for reexamination.

The trial transcript of *General Photonics* reveals, however, that defendant was unable to fully defend the law suit from an economic point of view. See pages 20, 21, 439, 440, 457, 462 through 477, 485, 490 through 493, and 540 of the trial transcript. In its opinion, the Northern District of California also discusses the defendant's attempt to justify its lack of defense. While General Photonics' financial inability may bind it, the Court's decision cannot bind others. *Grayson* v. *McGowan,* 543 F.2d 79, 192 USPQ 571 (9th Cir. 1975); *Philips Electronic and Pharmaceutical Industries, Inc.,* 450 F.2d 1164, 171 USPQ 641 (3rd Cir. 1971). Additionally, since General Photonics was unable to mount an adequate defense, it can not be concluded that there has been a "thorough consideration" of the issues in an adversary context. Compare *In re Pearne,* supra.

Other litigation involving the gould patent is pending:

Bell Telephone v. Refac
Civil Action No. 82 CIV 4508
Southern District of New York

Gould v. Control Laser
Civil Action No. 78-344-Orl-Civ-Y
Middle District of Florida

Gould v. Molectron Corp.
Civil Action No. 82-3748-EFL
Northern District of California

In *Control Laser,* the Middle District of Florida has stayed proceedings in the civil action until any reexamination decision in the PTO is considered final. This is an indication that the Court would be interested in the PTO's decision on the merits in any reexamination proceeding. It goes without saying that the *General Photonics* decision is not necessarily binding on the courts in the three other above-identified civil actions.

Apart from General Photonics' lack of adequate defense, there are issues present in this reexamination proceeding which were not involved in *General Photonics,* such as the significance of the Schawlow preprint. The position successfully argued by the Commissioner in *Gould* v. *Mossinghoff,* 215 USPQ 310 (D.D.C. 1982), does not appear to have been urged or decided in *General Photonics.* Moreover, several holdings in *General Photonics* may be at odds with the CCPA's decision in *Gould* v. *Hellwarth, supra.*

In view of the above, the *General Photonics* decision does not preclude reexamination.

REQUEST FOR INFORMATION

The patent owner is requested to supply the following in connection with this reexamination. Before a first action on the merits, the information requested in (1), (2), and (3) below may be presented *only* as a part of a statement under 37 CFR §1.530. Items (4), (5), and (6) if submitted without accompanying argument, may be submitted by the patent owner under 37 CFR §§1.565(a) and 1.555(a) respectively. The Examiner would prefer to have items (1) through (6) submitted along with a statement under 37 CFR §1.530.

(1) Indicate which claims, if any, of the Gould patent patentee believes would be infringed by the ruby laser disclosed by Maiman in the *Nature* article.

(2) Indicate (by page and line) what portions of the specification of Serial No. 804,540, filed April 6, 1959, support the limitations in claims 2 and 11 of the Gould patent.

(3) Indicate which claims, if any, of the Gould patent patentee believes would be infringed by an optically pumped cesium/helium laser, such as the laser disclosed in the Rabinowitz article.

(4) Submit complete copies of all depositions of Gordon Gould in all litigation involving any Gould patent which claims an effective filing date of April 6, 1959 based on Serial No. 804, 540 (patentee need not supply a copy of Gould's deposition in *Gould* v. *Mossinghoff* or his trial testimony in *Gould* v. *General Photonics*).

5) Submit copies of all patents and printed publications, including literature articles, known to patentee which are dated prior to April 6, 1959, and which disclose a population inversion obtained by optical pumping.

(6) Submit complete copies of all exhibits mentioned on pages 155 through 295 of the Jacobs deposition in *Gould* v. *Control Laser,* Civil Action 78-344-Orl-Civ-Y. The deposition was submitted in this reexamination proceeding by Control Laser.

Harvey Behrend
703-557-2894
Original Signed by
Samuel W. Engle

Harvey E. Behrend
Examiner
Group Art Unit 221

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

GORDON GOULD, REFAC INTERNATIONAL, LTD. and PATLEX CORPORATION,
Plaintiffs,

vs.

Case No. 78-344-Orl-Civ-Y

CONTROL LASER CORPORATION AND HOLOBEAM CORPORATION,
Defendants.

ORDER AND NOTICE OF PRETRIAL CONFERENCE AND JURY TRIAL

This cause came before the Court for status conference. In accordance with the Court's ruling from the bench, it is

ORDERED that plaintiffs' motion for leave to file fifth amended and supplemental complaint be and is hereby denied without prejudice to the dropping of Creative Patents, Inc. as a party plaintiff and without prejudice to plaintiff relying on the recently decided case of *Gordon Gould* v. *General Photonics Corp.*, Case No. C-78-1670SC (N.D. Calif., March 1, 1982), during the trial of the case; it is further

ORDERED that upon defendants' withdrawal of its previously filed objection to the appearance of Richard I. Samuel as counsel of record for plaintiff in this case, plaintiffs' motion *ore tenus* for the readmission of Richard I. Samuel to the bar of this court for the limited purpose of proceeding as counsel for plaintiff in this case be and is hereby granted; it is further

ORDERED that ruling on plaintiffs' motion to compel discovery be and is hereby deferred pending the court's

resolution of defendants' pending motions for summary judgment and partial summary judgment. If the motions for summary judgment and partial summary judgment are denied, plaintiffs' motion to compel discovery will be granted by further order of court. Such order, however, will insure the protection of the confidentiality of the figures of defendant sought by plaintiffs' motion to compel by providing that such information is to be disclosed only to counsel for plaintiff. The trial of this action will be bifurcated as to the issues of liability and damages. If the jury should return a verdict for the plaintiff on the question of liability, the case will then proceed to trial on the question of damages and then, and only then, will the figures sought by plaintiff in its motion to compel discovery become a matter of public record; and it is further

ORDERED that this case be and is hereby set for pretrial conference at 9:00 A.M. on Wednesday, September 8, 1982 and for jury trial commencing Monday, September 13, 1982 at 10:00 A.M. in Courtroom #3, United States Courthouse. Discovery is hereby reopened until Wednesday, September 1, 1982.

DONE AND ORDERED in Chambers at Orlando, Florida, this 2nd day of June, 1982.

GEORGE C. YOUNG

SENIOR UNITED STATES
DISTRICT JUDGE

Copies to:

James Slater, Esquire
Two South Orange Plaza
Post Office Box 633
Orlando, Florida 32802

John Calimafde, Esquire
60 East 42nd Street
New York, New York 10017

Robert W. Duckworth, Esquire
Post Office Box 3791
Orlando, Florida 32802

Stewart Dalzell, Esquire
1100 Philadelphia National Bank Bldg.
Philadelphia, Pennsylvania 19107

UNITED STAES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

GORDON GOULD, et al.,

Plaintiffs,

vs.

CONTROL LASER CORPORATION, et al.,

Defendants.

No. 78-344-Orl-Civ-Y

ORDER

This cause came before the Court this date for a hearing on defendants' pending motions for summary judgment, motion for continuance and pretrial conference.

Patent laws provide for reexaminations of issued patents by the Patent Office under 35 U.S.C. §§301-307. Within three months after a request for reexamination is filed, the Patent Office will order reexamination of the patent if a substantial new question of patentability is raised by the request. *Id.* §303(a). On September 3, 1982 defendants filed a request for reexamination with the Patent Office. Even through the instant case has been pending for five years, at this point a decision by the Patent Office to reexamine the patent here in suit would place the question of the validity of this patent before an expert and may facilitate any subsequent trial by eliminating issues determined by the Patent Office. Accordingly, upon consideration and following oral argument on defendants' motion for continuance, it is

ORDERED that the motion for continuance be and is hereby granted pending the outcome of a decision by the

Patent Office on defendants' request for reexamination. If the Patent Office should decided to consider the request for reexamination, this case shall be stayed until the decision of the Patent Office is considered final. On the other hand, if the Patent Office should decide not to consider the request for reexamination, this case will be set for trial in the first quarter of 1983 by further order of the Court.

DONE and ORDERED in Chambers at Orlando, Florida, this 12th day of October, 1982.

[signed] Maurice M. Paul
Maurice M. Paul
United States District Judge

Copies mailed to:

James E. Slater, Esquire
Maguire, Voorhis & Wells
Post Office Box 633
Orlando, Florida 32802

Robert W. Duckworth, Esquire
Duckworth, Allen, Dyer & Pettis, P.A.
Post Office Box 3791
Orlando, Florida 32802

Stewart Dalzell, Esquire
Drinker, Biddle & Reath
1100 Philadelphia National Bank Building
Philadelphia, Pennsylvanai 19107

Waren M. Goodrich, Esquire
Steven D. Merryday, Esquire
Holland & Knight
Post Office Box 1288
Tampa, Florida 33601

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

GORDON GOULD, REFAC INTERNATIONAL, LTD., and PATLEX CORPORATION,
Plaintiffs,

vs.

CONTROL LASER CORPORATION and HOLOBEAM CORPORATION,
Defendants.

Case No. 78-344-Orl-Civ-Y

ORDER

This cause came before the Court today for pretrial conference. Because of the circumstances previously disclosed to counsel as a possible basis for the recusal of the undersigned judge and in accordance with the Court's ruling from the bench this date, it is

ORDERED that the trial scheduled to begin on September 13, 1982 be and is hereby reset to commence November 1, 1982 with the Honorable Maurice Paul, United States District Judge presiding, and with the pretrial conference to be set before Judge Paul by further order; and it is further

ORDERED that the portion of the Court's Order of July 16, 1982 denying the motion for summary judgment filed May 1, 1980 on behalf of the defendants and denying the motion for summary judgment filed July 3, 1980 be and is hereby VACATED.

SO ORDERED in Chambers at Orlando, Florida, this 8th day of September, 1982.

GEORGE C. YOUNG
SENIOR UNITED STATES DISTRICT JUDGE

FILED
Orlando, Fla.
Sep 8 1982
Clerk
U.S. District Court
Sep 14 1982

Copies to:

James E. Slater, Esquire
Maguire, Voorhis and Wells
Post Office Box 633
Orlando, Florida 32802

John Calimafde, Esquire
60 East 42nd Street
New York, New York 10017

Robert W. Duckworth, Esquire
Post Office Box 3791
Orlando, Florida 32802

Stewart Dalzell, Esquire
1100 Philadelphia National Bank Bldg.
Philadelphia, Pennsylvania 19107

Warren M. Goodrich, Esquire and
Steven D. Merryday, Esquire
Post Office Box 1288
Tampa, Florida 33601

CHAPTER 30—PRIOR ART CITATIONS TO OFFICE AND REEXAMINATION OF PATENTS

§ 301. Citation of prior art.

Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof will become a part of the official file of the patent. At the written request of the person citing the prior art, his or her identity will be excluded from the patent file and kept confidential.

§ 302. Request for reexamination.

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title. The request must be in writing and must be accompanied by payment of a reexamination fee established by the Commissioner of Patents pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Commissioner promptly will send a copy of the request to the owner of record of the patent.

§ 303. Determination of issue by Commissioner.

(a) Within three months following the filing of a request for reexamination under the provisions of section 301 of this title, the Commissioner will determine whether

a substantial new question of patentability affecting any claim of the patent concerned is raised by request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Commissioner may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 of this title.

(b) A record of the Commissioner's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

(c) A determination by the Commissioner pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Commissioner may refund a portion of the reexamination fee required under section 302 of this title.

§ 304. Reexamination order by Commissioner.

If, in a determination made under the provisions of subsection 303(a) of this title, the Commissioner finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question. The patent owner will be given a reasonable period, not less than two months from the date a copy of the determination is given or mailed to him, within which he may file a statement on such question, including any amendment to this patent and new claim or claims he may wish to propose, for consideration in the reexamination. If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested reex-

amination under the provisions of section 302 of this title. Within a period of two months from the date of service, that person may file and have considered in the reexamination a reply to any statement filed by the patent owner. That person promptly will serve on the patent owner a copy of any reply filed.

§ 305. Conduct of reexamination proceedings.

After the times for filing the statement and reply provided for by section 304 of this title have expired, reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter. All reexamination proceedings under this section, including any appeal to the Board of Appeals, will be conducted with special dispatch within the Office.

§ Appeal.

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.

§ 307. Certificate of patentability, unpatentability, and claim cancellation.

(a) In a reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the Commissioner will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

(b) Any proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination proceeding will have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used anything patented by such proposed amended or new claim, or who made substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.

SUBPART D—REEXAMINATION OF PATENTS

Citation of Prior Art

§ 1.501 Citation of prior art in patent files

(a) At any time during the period of enforceability of a patent, any person my cite to the Patent and Trademark Office in writing prior art consisting of patents or printed publications which that person states to be pertinent and applicable to the patent and believes to have a bearing on the patentability of any claim of a particular patent. If the citation is made by the patent owner, the explanation of paterinency and applicability may include an explanation

of how the claims differ from the prior art. Citations by the patent owner under § 1.555 and by a reexamination requester under either § 1.510 or § 1.535 will be entered in the patent file during a reexamination proceeding. The entry in the patent file of citations submitted after the date of an order to reexamine pursuant to § 1.525 by persons other than the patent owner, or a reexamination requester under either § 1.510 or § 1.535, will be delayed until the reexamination proceedings have been terminated.

(b) If the person making the citation wishes his or her identity to be excluded from the patent file and kept confidential, the citation papers must be submitted without any identification of the person making the submission.

(c) Citation of patents or printed publications by the public in patent files should either (1) reflect that a copy of the same has been mailed to the patent owner at the address as provided for in § 1.33(c); or in the event service is not possible (2) be filed with the Office in duplicate.

REQUEST FOR REEXAMINATION

§ 1.510 Request for reexamination

(a) Any person may, at any time during the period of enforceability of a patent, file a request for reexamination by the Patent and Trademark Office of any claim of the patent on the basis of prior art patents or printed publications cited under § 1.501. The request must be accompanied by the fee for requesting reexamination set in § 1.21(x).

(b) Any request for reexamination must include the following parts:

(1) a statement pointing out each substantial new question of patentability based on prior patents and printed publications.

(2) An identification of every claim for which reexamination is requested, and a detailed explanation of the pertinency and manner of applying the cited prior art to every claim for which reexamination is requested. If appropriate the party requesting reexamination may also point out how claims distinguish over cited prior art.

(3) A copy of every patent or printed publication relied upon or referred to in paragraph (b)(1) and (2) of this section accompanied by an English language translation of all the necessary and pertinent parts of any non-English language patent or printed publication.

(4) The entire specification (including claims) and drawings of the patent for which reexamination is requested must be furnished in the form of cut-up copies of the original patent with only a single column of the printed patent securely mounted or reproduced in permanent form on one side of a separate paper. A copy of any disclaimer, certificate of correction, or reexamination certificate issued in the patent must also be included.

(5) A certification that a copy of the request filed by a person other than the patent owner has been served in its entirety on the patent owner at the address as provided for in § 1.33(c). The name and address of the party served must be indicated. If service was not possible, a duplicate copy must be supplied to the Office.

(c) If the request does not include the fee for requesting reexamination or all of the parts required by paragraph (b) of this section, the person identified as requesting reexamination will be so notified and given an opportunity to complete the request within a specified time. If the fee for requesting reexamination has been paid but the defect in the request is not corrected within the specified time, the determination whether or not to in-

stitute reexamination will be made on the request as it then exists. If the fee for requesting reexamination has not been paid, no determination will be made and the request will be placed in the patent file as a citation if it complies with the requirements of § 1.501(a).

(d) The filing date of the request is: the date on which the request including the entire fee for requesting reexamination is received in the Patent and Trademark Office; or (2) the date on which the last portion of the fee for requesting requesting reexamination is received.

(e) A request filed by the patent owner, may include a proposed amendment in accordance with § 1.121(f).

(f) If a request is filed by an attorney or agent identifying another party on whose behalf the request is being filed, the attorney or agent must have a power of attorney from that party or be acting in a representative capacity pursuant to § 1.34(a).

§ 1.515 Determination of the request for reexamination

(a) Within three months following the filing date of a request for reexamination, an examiner will consider the request and determine whther or not a substantial new question of patentability affecting any claim of the patent is raised by the request and the prior art cited therein, with or without consideration of other patents or printed publications. The examiner's determination will be based on the claims in effect at the time of the determination and will become a part of the official file of the patent and will be given or mailed to the patent owner at the address as provided for in § 1.33(c) and to the person requesting reexamination.

(b) Where no substantial new question of patentability has been found, a refund of a portion of the fee for requesting reexamination will be made to the requester in accordance with § 1.26(c).

(c) The requester may seek review by a petition to the Commissioner under § 1.181 within one month of the mailing date of the examiner's determination refusing reexamination. Any such petition must comply with §1.181(b). If no petition is timely filed or if the decision on petition affirms that no substantial new question of patentability has been raised, the determination shall be final and nonappealable.

§ 1.520 Reexamination at the initiative of the commissioner

The Commissioner, at any time during the period of enforceability of a patent, may determine whether or not a substantial new question of patentability is raised by patents or printed publications which have been discovered by the Commissioner or which have been brought to the Commissioner's attention even though no request for reexamination has been filed in accordance with § 1.510. The Commissioner may initiate reexamination without a request for reexamination pursuant to § 1.510. Normally requests from outside the Patent and Trademark Office that the Commissioner undertake reexamination on his own initiative will not be considered. Any determination to initiate reexamination under this section will become a part of the official file of the patent and will be given or mailed to the patent owner at the address as provided for in § 1.33(c).

REEXAMINATION

§ 1.525 Order to Reexamine

(a) If a substantial new question of patentability is found pursuant to §§ 1.515 or 1.520, the determination will include an order for reexamination of the patent for resolution of the question. If the order for reexamination resulted from a petition pursuant to § 1.515(c), the reexamination will ordinarily be conducted by an examiner other than the examiner responsible for the initial determination under § 1.515(a).

(b)If the order for reexamination of the patent mailed to the patent owner at the address as provided for in § 1.33(c) is returned to the Office undelivered, the notice published in the *Official Gazette* under § 1.11(c) will be considered to be constructive notice and reexamination will proceed.

§ 1.530 Statement and amendment by patent owner

(a) Except as provided in § 1.510(e), no statement or other response by the patent owner shall be filed prior to the determinations made in accordance with §§ 1.515 or 1.520. If a premature statement or other response is filed by the patent owner it will not be acknowledged or considered in making the determination.

(b) The order for reexamination will set a period of not less than two months from the date of the order within which the patent owner may file a statement on the new question of patentability including any proposed amendments the patent owner wishes to make.

(c) Any statement filed by the patent owner shall clearly point out why the subject matter as claimed is not anticipated or rendered obvious by the prior art patents or

printed publications, either alone or in any reasonable combinations. Any statement filed must be served upon the reexamination requester in accordance with § 1.248.

(d) Any proposed amendments to the description and claims must be made in accordance with § 1.121(f). No amendment may enlarge the scope of the claims of the patent or introduce new matter. No amended or new claims may be proposed for entry in an expired patent. Moreover, no amended or new claims will be incorporated into the patent by certificate issued after the expiration of the patent.

(e) Although the Office actions will treat proposed amendments as though they have been entered, the proposed amendments will not be effective until the reexamination certificate is issued.

§ 1.535 Reply by requester

A reply to the patent owner's statement under § 1.530 may be filed by the reexamination requester within two months from the date of service of the patent owner's statement. Any reply by the requester must be served upon the patent owner in accordance with § 1.248. If the patent owner does not file a statement under § 1.530, no reply or other submission from the reexamination requester will be considered.

§ 1.540 Consideration of responses

The failure to timely file or serve the documents set forth in § 1.530 or in § 1.535 may result in their being refused consideration. No submissions other than the statement pursuant to § 1.530 and the reply by the requester pursuant to § 1.535 will be considered prior to examination.

§ 1.550 Conduct of reexamination proceedings

(a) All reexamination proceedings, including any appeals to the Board of Appeals, will be conducted with special dispatch within the Office. After issuance of the reexamination order and expiration of the time for submitting any responses thereto, the examination will be conducted in accordance with §§ 1.104—1.119 and will result in the issuance of a reexamination certificate under § 1.570.

(b) The patent owner will be given at least 30 days to respond to any Office action. Such response may include further statements in response to any rejections and/or proposed amendments or new claims to place the patent in a condition where all the claims, if amended as proposed, would be patentable.

(c) The time for reply set in paragraph (b) of this section will be extended only for sufficient cause, and for a reasonable time specified. Any request for such extension must be filed on or before the day on which action by the patent owner is due, but in no case will the mere filing of the request effect any extension.

(d) If the patent owner fails to file a timely and appropriate response to any Office action, the reexamination proceeding will be terminated and the Commissioner will proceed to issue a certificate under § 1.570 in accordance with the last action of the Office.

(e) The reexamination requester will be sent copies of Office actions issued during the reexamination proceeding. Any document filed by the patent owner must be served on the requester in the manner provided in § 1.248. The document must reflect service or the document may be refused consideration by the Office. The active par-

ticipation of the reexamination requester ends with the reply pursuant to § 1.535, and no further submissions on behalf of the reexamination requester will be acknowledged or considered. Further, no submissions on behalf of any third parties will be acknowledged or considered unless such submissions are (1) in accordance with § 1.510 or (2) entered in the patent file prior to the date of the order to reexamine pursuant to § 1.525. Submissions by third parties, filed after the date of the order to reexamine pursuant to § 1.525, must meet the requirements of and will be treated in accordance with § 1.501(a).

§ 1.552 Scope of reexamination in reexamination proceedings

(a) Patent claims will be reexamined on the basis of patents or printed publications.

(b) Amended or new claims presented during a reexamination proceeding must not enlarge the scope of the claims of the patent and will be examined on the basis of patents or printed publications and also for compliance with the requirements of 35 U.S.C. 112 and the new matter prohibition of 35 U.S.C. 132.

(c) Questions other than those indicated in paragraphs (a) and (b) of this section will not be resolved in a reexamination proceeding. If such questions are discovered during a reexamination proceeding, the existence of such questions will be noted by the examiner in an Office action, in which case the patent owner may desire to consider the advisability of filing a reissue application to have such questions considered and resolved.

§ 1.555 Duty of disclosure in reexamination proceedings

The owner of a patent involved in a reexamination proceeding who is aware, or becomes aware, of patents or printed publications material to the reexamination which have not been previously made of record in the patent file must bring such patents or printed publications to the attention of the Office. A prior art statement, preferably in accordance with § 1.98, should be filed within two months of the date of the order for reexamination, or as soon thereafter as possible in order to bring such patents or printed publications to the attention of the Office.

§ 1.560 Interviews in reexamination proceedings

(a)Interviews in reexamination proceedings pending before the Office between examiners and the owners of such patents or their attorneys or agents of record must be had in the Office at such times, within Office hours, as the respective examiners may designate. Interviews will not be permitted at any other time or place without the authority of the Commissioner. Interviews for the discussion of the patentability of claims in patents involved in reexamination proceedings will not be had prior to the first official action thereon. Interviews should be arranged for in advance. Requests that reexamination requesters participate in interviews with examiners will not be granted.

(b) In every instance of an interview with an examiner, a complete written statement of the reasons presented at the interview as warranting favorable action must be filed by the patent owner. An interview does not remove the necessity for response to Office actions as specified in § 1.111.

§ 1.565 Concurrent office proceedings

(a) In any reexamination proceeding before the Office, the patent owner shall call the attention of the Office to any prior or concurrent proceedings in which the patent is or was involved such as interferences, reissue, reexaminations, or litigation and the results of such proceedings.

(b) If a patent in the process of reexamination is or becomes involved in interference proceedings or a reissue application is filed for the patent, or litigation is instituted, the Commissioner shall determine whether or not to stay the reexamination, reissue or interference proceeding. If reexamination is stayed for the conduct of a reissue proceeding, the reissue proceeding shall take into account prior art provided by the requester for reexamination and the reexamination requester will be granted at least the same degree of participation in the reissue proceeding which the requester would have had in the reexamination proceeding. Any reexamination proceeding stayed for the conduct of a reissue proceeding shall be terminated by the grant of the reissued patent.

(c) If reexamination is ordered while a prior reexamination proceeding is pending, the reexamination proceedings will be consolidated and result in the issuance of a single certificate under § 1.570.

CERTIFICATE

§ 1.570 Issuance of reexamination certificate after reexamination proceedings

(a) Upon the conclusion of reexamination proceedings, the Commissioner will issue a certificate in accordance with 35 U.S.C. 307 [35 U.S.C.A. § 307] setting forth the results of the reexamination proceeding and the

content of the patent following the reexamination proceeding.

(b) A certificate will be issued in each patent in which a reexamination proceeding has been ordered under § 1.525. Any statutory disclaimer filed by the patent owner will be made part of the certificate.

(c) The certificate will be mailed on the day of its date to the patent owner at the address as provided for in § 1.33(c). A copy of the certificate will also be mailed to the requester of the reexamination proceeding.

(d) If a certificate has been issued which cancels all of the claims of the patent, no further Office proceedings will be conducted with regard to that patent or any reissue applications or reexamination requests relating thereto.

(e) If the reexamination proceeding is terminated by the grant of a reissued patent as provided in § 1.565(b), the reissued patent will constitute the reexamination certificate required by this section and 35 U.S.C. 307.

(f) A notice of the issuance of each certificate under this section will be published in the *Official Gazette* on its date of issuance.

ORIGINAL

MAR 1 1982 **FILED**

WILLIAM L. WHITTAKER
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

GORDON GOULD, REFAC INTERNATIONAL, LIMITED, and PATLEX CORPORATION,	)	
Plaintiffs,	)	No. C-78-1670 SC
- vs -	)	
GENERAL PHOTONICS CORPORATION,	)	JUDGMENT
Defendant.	)	

After trial, and for good cause shown,

It is hereby ordered, adjudged and decreed that:

(1) United States Patent No. 4,053,845 is valid;

(2) Plaintiffs shall have and take judgment herein against defendant General Photonics Corporation; and

(3) Plaintiffs shall recover from defendant their costs incurred herein.

Dated: March 1, 1982.

/s/_____
United States District Judge

ORIGINAL
FILED

MAR 1 1982

WILLIAM L. WHITTAKER
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

GORDON GOULD, REFAC INTERNATIONAL, LIMITED, and PATLEX CORPORATION,	)	
Plaintiffs,	)	No. C-78-1670 SC
- VS -	)	
GENERAL PHOTONICS CORPORATION,	)	FINDINGS OF FACT AND CONCLUSIONS OF LAW
Defendant.	)	

INTRODUCTION AND SUMMARY

This case came on regularly to be heard on February 8, 9, and 10, 1982, before the court sitting without a jury. The plaintiffs were represented by the firm of Lerner, David, Littenberg & Samuel, and the defendant was represented by James Hagan, Esq.

Plaintiff Gordon Gould holds a patent for optically pumped laser amplifiers issued by the United States Patent

and Trademark Office on October 11, 1977 (No. 4,053, 845). He alleges that the defendant has infringed and continues to infringe on this patent (the "patent-in-suit"). The defendant asserts that the patent in suit is invalid, and insists that the invention was previously made and patented by Dr. Charles Townes and Dr. Arthur Schawlow under two separately issued patents. The defendant further contends that the patent-in-suit was obvious from the prior art of Drs. Townes and Schawlow, and that it fails to adequately disclose how to build the invention as required by statute.

By issuing the patent-in-suit to plaintiff Gould, the Patent Office created a presumption of validity. That presumption can only be overcome by clear and convincing proof. Where the Patent Office has considered the most pertinent prior art before issuing the patent, the presumtpion of validity becomes even stronger. Plaintiff Gould has demonstrated that he retains a properly issued patent from the Patent Office. Furthermore, plaintiffs have presented evidence that the Gould patent was non-obvious, and that the patent discloses how to build the invention. The presumption of its validity is strengthened because the Patent Office considered the pertinent prior art, embodied in the Townes and Schawlow patents, when it issued the patent-in-suit.

The defendant has the legal burden of overcoming the presumption of validity. The defendant has offered no credible evidence to rebut this presumption. No patent expert testified in favor of defendant's contentions, nor did defendant present any evidence to establish prior art.

The defendant, in an attempt to justify its lack of an adequate defense, asserts the unaffordable expense of litigating this matter. Defendant alleges that plaintiffs

chose to litigate against it, before all other alleged infringers, because the others were more financially able to pursue an adequate defense to the patent-in-suit. However, the defendant's claims of disadvantage cannot excuse its failure to rebut the presumption of patent validity plaintiffs have raised. Judgment therefore must be rendered in favor of plaintiffs as to the validity of the patent.

Through stipulation, the parties have determined the scope of the patent-in-suit and the reasonable damages for past infringement. The court is left to decide whether the defendant's conduct justifies an award of treble damages or attorney's fees. The defendant attempted to acquire a license from plaintiffs under the patent-in-suit during the infringement period, and, in other respects, acted in good faith. The defendant's conduct did not rise to the level of willful infringement necessary to justify an award of treble damages. Furthermore, the defendant's conduct was not sufficiently exceptional to permit an award of attorney's fees.

As and for further findings of fact and conclusions of law the court sets forth the following:

FINDINGS OF FACT

Jurisdiction and Venue

1. Subject matter jurisdiction for plaintiffs' patent infringement claim is conferred upon this court by 28 U.S.C. § 1338(a). Venue for plaintiffs' patent infringement claim is properly laid in this court pursuant to 28 U.S.C. § 1400(b).

2. Subject matter jurisdiction with respect to defendant's counterclaim for a declaratory judgment is conferred upon this court by 28 U.S.C. §§ 1338(a) and 2201.

Parties

3. Plaintiff Gordon Gould, the patentee herein, is an individual born July 17, 1920. He presently is a citizen of the State of Virginia, residing at 9609 William Crossman Drive, Great Falls, Virginia.

4. Plaintiff Refact International Limited is a corporation of the State of Nevada, having its principal place of business at 122 East 42nd Street, New York.

5. Plaintiff Patlex Corporation is a corporation of the State of Pennsylvania, having its principal place of business at 44 West Lancaster Avenue, Ardmore, Pennsylvania.

6. Defendant General Photonics Corporation is a corporation of the State of California, having its principal place of business at 2255 F Martin Avenue, Santa Clara, California.

The Patent-in-Suit

7. U.S. Patent No. 4,053,845, the patent-in-suit, was issued October 11, 1977 to Gordon Gould as the inventor, and is entitled Optically Pumped Laser Amplifiers. Plaintiffs' Exhibit 1005.

8. The patent-in-suit was issued from Application Serial No. 498,065, filed August 16, 1974. That application was a continuation of Application Serial No. 644,035 filed March 6, 1967 (now abandoned) and Application Serial No. 804,540 filed April 6, 1959 (now abandoned). Application Serial No. 644,035 was a divisional application of Application Serial No. 804,540 and a continuation-in-part application of Application Serial No. 804,539, both of which were filed April 6, 1959.

9. Plaintiffs Refac International Limited and Patlex Corporation each have a sufficient interest in the patent-in-suit to be proper plaintiffs hereto.

The Invention

10. A light amplifier is a device which operates upon light of a given intensity and provides light having a greater intensity.

11. A light amplifier which operates upon the principle of stimulated emission of radiation (i.e., a "laser") is one which employs atoms, ions, or molecules, and which amplifies light while maintaining the frequency, phase, and direction of propagation of the light being amplified. The term laser was coined by plaintiff Gordon Gould as an acronum for light amplification by stimulated emission of radiation.[1]

12. A light amplifier can be employed as an essential part of a light oscillator, just as other amplifiers (radio and sound) are commonly employed to construct oscillators.

13. In 1978, as a result of the issuance of the patent-in-suit, Gordon Gould was named Inventor of the Year by the Association for Advancement of Invention and Innovation. Gordon Gould subsequently received similar awards from the American Society of Inventors in 1980 and the Inventor's Club of America on November 20, 1981.

14. Through the 1950's various people proposed different schemes to produce microwave amplification by stimulated emission of radiation (i.e., a "maser").

15. In or before January of 1957, plaintiff Gordon Gould proposed the construction of a microwave amplifier employing the principles of stimulated emission of radiation by optically exciting an amplification medium with unpolarized light (i.e., an optically pumped maser).

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[1]The page of his notebook where plaintiff Gordon Gouild first coined the word laser has been displayed in the Smithsonian Institute.

This proposal was based upon the principle that, at thermal equilibrium, states in materials separated by microwave frequencies had substantially similar populations, notwithstanding the fact that the upper state always had a slightly lower population than the lower state and that the spontaneous decay rate between these states was relatively low. A population inversion was to be achieved by optically depopulating a lower level in the medium with light from a discharge in the same material.

16. On or before November 13, 1957, plaintiff Gordon Gould conceived of a light amplifier. Gould's initial light amplifier operated on the principle of stimulated emission of radiation and was the first recognition that, in order to energize a material to amplify energy in the visible light region with unpolarized light, it was necessary to employ a different scheme of energization and deenergization and different relationships of energy levels in the material than was true for microwave frequencies. Gould realized that because the population differences in levels separated by light frequencies is substantial at room temperatures, and because the spontaneous decay rate for levels separated by light frequencies is so much greater than for those separated by microwave frequencies, the techniques suggested for microwave amplification by stimulated emission of radiation are totally inadequate for light amplification. Gould's initial effort contemplated using light emitted by a discharge from a given material as a pumping light source to pump the same material (the lasing medium). Thus, Gould initially suggested using potassium as a pumping light source to pump potassium as a lasing medium. Gordon Gould's Notebook No. 1, which recorded this conception, includes the first known use of the term "laser" and includes the page which has been displayed in the Smithsonian Institute. This notebook also suggested additional apparatus intended to cause the amplifier to oscillate.

17. By August 28, 1958, Gordon Gould has already written in final and highly organized form the first 23 pages of what eventually became an 87 page description of his inventions (hereinafter referred to as Gordon Gould Notebook No. 2).

18. The first 23 pages of Gordon Gould Notebook No. 2 were read, understood, and witnessed by Lawrence Wills on August 28, 1958, and thus were in existence at least as early as that date.

19. The first 23 pages of Gordon Gould Notebook No. 2 establish that Gordon Gould conceived of the invention set forth in the claims of the patent-in-suit at least as early as August 28. 1958.

20. From August 28, 1958 through December 1, 1958, Gordon Gould continued his activities, diligently completing Notebook No. 2, which was witnessed on December 1, 1958 by Richard T. Daily.

21. On or about December 2, 1958, Gordon Gould presented his patent attorney, Robert Keegan, Esq. with a written disclosure of his inventions which comprised his Notebook No. 2 and/or the TRG proposal which substantially incorporated the subject matter of his Notebook No. 2. From December 2, 1958 to April 6, 1959, Mr. Keegan diligently applied himself to the preparation and filing of Gordon Gould's original applications (filed on April 6, 1959) which led to the patent-in-suit, despite his simultaneous involvement in a complex and lengthy patent infringement trial in Utica, New York.

The Alleged Prior Art

22. U.S. Patent No. 2,929,922 (hereinafter the Schawlow and Townes '922 patent) was issued to Arthur Schawlow and Charles Townes on March 22, 1960, and is alleged by defendant as prior art vis-a-vis the patent-in-suit. The Schawlow and Townes '922 patent was the prin-

cipal reference considered by the United States Patent and Trademark Office in the application which led to the patent-in-suit. The claims of the patent-in-suit were allowed as constituting a patentable invention over the Schawlow and Townes '922 patent.

23. The Schawlow and Townes '922 patent discloses a light amplifier in which a discharge lamp of a given gaseous material pumps a volume of the same material. Their preferred embodiment was potassium pumping potassium.

24. The other prior art relied upon by the defendant in this action is U.S. Patent No. 2,879,439 in the name of Charles Townes, which was issued on March 24, 1959, on an application filed January 28, 1959 (hereinafter the Townes '439 patent was a continuation-in-part of U.S. patent application Serial No. 506,533, which was filed on tent application Serial No. 506,533, which was filed on May 6, 1955. This patent is less relevant that the art considered by the Patent Office.

25. To the extent that the Townes '439 patent contains disclosure of an optically pumped maser, this subject matter was discussed as prior art in the specification of the patent-in-suit and therefore was considered by the Examiner as prior art in issuing the patent-in-suit (see column 3, lines 1-20 of the patent-in-suit). The patent-in-suit (plaintiffs' Exhibit 1005) was issued October 1, 1977, based on an application filed in 1959 (as aforementioned).

Infringement

26. On October 4, 1977, defendant was placed on notice that plaintiffs considered each of defendant's optically pumped lasers to be an infringement of the patent-in-suit.

27. Each and every optically pumped laser amplifier apparatus, including each and every laser oscillator that

employs optically pumped laser amplification manufactured, used, and/or sold by General Photonics since October 11, 1977, is covered by the claims of the patent-in-suit and, accordingly infringes the patent-in-suit.

28. Following issuance of the patent-in-suit, defendant General Photonics infringed the patent-in-suit.

29. From the time of being placed on notice until the filing of ths lawsuit, correspondence and negotiations continued between Burton Bernard, President of General Photonics, and Eugene Lang of Refac, during which it appeared that a license between General Photonics and Gould would be consummated. In fact, during an interview with Laser Report, Mr. Bernard stated that he expected to accept the royalty arrangement being asked by plaintiffs. During this time defendant acted in good faith and desired to enter into a licensing agreement as an alternative to expensive litigation costs which it could not afford. The defendant is a small company with 17 employees and a net worth of $135,000. Defendant suffered losses of $10,000 in 1979 and $4,000 in 1980, and made a profit of $6,000 in 1981.

30. Based upon the facts set forth above and the evidence in the case, acts of infringement by defendant have not been willful and deliberate.

CONCLUSIONS OF LAW

1. United States Patent No. 4,053,845 (the patent-in-suit) is entitled to an effective filing date of April 6, 1959. 35 U.S.C. § 121.

2. The invention set forth in the patent-in-suit constitutes patentable subject matter as a new and useful machine or a new and useful improvement thereof. 35 U.S.C. § 101.

3. The claims of the patent-in-suit are not anticipated by Schawlow and Townes U.S. Patent No. 2,929,922 cited by the Patent Office Examiner who allowed said claims, by Townes U.S. Patent No. 2,879,439 relied upon by the defendant, the subject matter of which was considered by the Examiner, or by any other piece of prior art. 35 U.S.C. § 102; *Jones v. Vefco, Inc.*, 609 F.2d 409, 411 (9th Cir. 1979); *Saf-Gard Products, Inc. v. Service Parts, Inc.*, 5322 F.2d 1266, 1270-71 (9th Cir.), *cert. denied*, 429 U.S. 896 (1976).

4. The claims of the patent-in-suit are entitled to a date of conception of at least as early as August 28, 1958. 37 C.F.R. § 1.131; *Boyce v. Anderson*, 451 F.2d 818, 820 (9th Cir. 1971).

5. The filing by Gould of the original applications on April 6, 1959 constituted a constructive reduction to practice of the invention claimed in the patent-in-suit. *Id.; Hann v. Venetian Blind Corp.*, 111 F.2d 455, 458 (9th Cir. 1940)

6. Gordon Gould and his patent counsel were diligent toward a constructive reduction to practice (i.e., the filing of a patent application) between August 28, 1958, and April 6, 1959. The fact that Gould's patent attorney, Mr. Keegan, was able to prepare and file a 132-page patent application with 56 claims while simultaneously involved in a long infringement trial establishes diligence from at least as early as December, 1958 through the filing in April, 1959. The amount of work done by Gould in September, October, and November, 1958 clearly proves his diligence during that period, since Gould was not required to abandon his livelihood while completing the invention. *Harper v. Zimmerman*, 41 F.2d 261, 268 (D. Del. 1930).

7. The presumption of validity is entitled to particular weight because the patent-in-suit was granted after consideration by the Patent Office, *Berry Brother Corp. v.*

Sigmon, 206 F. Supp. 653, 663 (W.D.N.C. 1962); *aff'd.* 317 F.2d 700 (4th Cir. 1963), and because the application was subjected to rigorous examination, *Grinnell Corp. v. American Monorail Co.*, 285 F. Supp. 219, 225 (D.S.C. 1967).

8. The presumption of validity which attaches to the patent-in-suit pursuant to 35 U.S.C. § 282 can only be overcome by clear and convincing evidence. *Saf-Gard Products, Inc. v. Service Parts, Inc.*, 532 F.2d 1266, 1271 (9th Cir.); *cert. denied*, 429 U.S. 896 (1976). This presumption of patent validity becomes all the stronger when the Patent Office has considered the most pertinent references before issuing the patent. *Neff Instrument Corp. v. Cohu Electronics Inc.*, 298 F.2d 82, 86-87 (9th Cir. 1961).

9. The patent-in-suit is presumed to be sufficiently clear to teach those skilled in the art. *Western States Machine Co. v. S.S. Hepworth Co.*, 147 F.2d 345, 350 (2d Cir.), *cert. denied*, 325 U.S. 873 (1945); *Eversharp Inc. v. Fisher Pen Co.*, 204 F. Supp. 649, 671-72 (N.D. Ill. 1961). This presumption is strengthened because the Patent and Trademark Office has already considered the issue of sufficiency of disclosure.

10. The specification of the patent-in-suit contains a written description of the invention and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the invention, and sets forth the best mode contemplated by the inventor for carrying out his invention 35 U.S.C. § 112.

11. The specification of the patent-in-suit concludes with claims which particularly point out and distinctly claim the subject matter which Gordon Gould regards as his invention. 35 U.S.C. § 112.

12. The defendant has without authority from plaintiffs made, used, and sold since October 11, 1977, and is presently making, using, and selling the patented invention as claimed in the patent-in-suit within the United States and, therefore, has directly infringed and is directly infringing the patent-in-suit. 35 U.S.C. § 271(a).

13. Under the circumstances of this case and by stipulation of the parties, the parties have agreed (in the event of a judgment in favor of plaintiffs) upon a licensing agreement which includes past infringement damages, royalty rate, scope of coverage, etc.

14. The infringement by the defendant was not willful, nor did defendant conspire with any others not to take a license.

15. The acts and conduct of the defendant in this case do not make this an "exceptional case" within the scope of 35 U.S.C. § 285.

16. The plaintiffs are awarded their costs of suit.

Date: March 1, 1982.

/s/

United States District Judge